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STATE OF DELAWARE  
**DEPARTMENT OF STATE**  
DIVISION OF PROFESSIONAL REGULATION

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MEETING MINUTES:	<b>BOARD OF CHARITABLE GAMING</b>
MEETING DATE AND TIME:	<b>Thursday, May 3, 2012 at 1:00 p.m.</b>
PLACE:	861 Silver Lake Boulevard, Dover, Delaware <b>Conference Room B</b> , second floor of the Cannon Building
APPROVED:	June 7, 2012

**MEMBERS PRESENT**

Scott Angelucci, Chairman, Public Member  
Sharon McDowell, Vice Chair, Public Member (Left at 3:04 p.m.)  
Janet Williams-Coger, Non-Profit Member (entered at 1:03 p.m. and left at 3:23 p.m.)  
James Greene, DE Volunteer Fireman's Association Member  
Deborah Messina, Public Member

**MEMBERS ABSENT**

None

**DIVISION STAFF/DEPUTY ATTORNEY GENERAL PRESENT**

Robert Willard, Deputy Attorney General  
Sandra Wagner, Administrative Specialist III  
Jean Betley, Lead Investigator  
James Collins, DPR Director

**ALSO PRESENT**

Michael Rogers, VFW  
George Parker, VFW & VVA  
Joe Valentine, VFW & VVA  
Robert (last name illegible), VFW & VVA  
Neil Burke, VVA Chapter 546 & VFW Lodge 2931  
Jim Woodland, Debra Sipple Memorial Fund  
Heather McGee, Big Brothers Big Sisters  
Carol Torre, Full House Poker  
Ed Brown, Ducks Unlimited  
Sue Peck, Cats Around Town Society  
Chip Thompson, Charitable Games of DE

**CALL TO ORDER**

Mr. Angelucci called the meeting to order at 1:00 p.m.

**REVIEW AND APPROVAL OF MINUTES**

The Board reviewed the meeting minutes of April 5, 2012. Ms. Messina made a motion, seconded by Ms. McDowell, to approve the minutes as presented. The motion passed unanimously.

## **UNFINISHED BUSINESS**

### **Final Denials**

#### **Delaware Breast Cancer Coalition (bar bingo)**

Ms. McDowell made a motion, seconded by Ms. Messina, to make a final denial of the bingo application of Delaware Breast Cancer Coalition. The motion passed unanimously.

### **Re-Review of Contingent Approvals and PTD Applications** - None

### **Sign Board Order – Rules & Regulations Hearing 4/5/12**

Mr. Willard distributed the final Order from the Board's public Rules and Regulations hearing on 4/5/12 for signatures.

### **Sign Letter of Reprimand for MERR Institute/Suzanne Thurman**

Mr. Angelucci signed the Letter of Reprimand for Merr Institute, Suzanne Thurman.

## **NEW BUSINESS**

### **Executive Session**

#### **Review of Texas Hold'em Individual License Applications & Investigative Reports**

##### **Timothy A. Dennis**

Mr. Greene made a motion, seconded by Ms. Messina to enter Executive Session at 1:05 p.m. to review the THE Individual License application and investigative report of Timothy A. Dennis. The motion to enter Executive Session passed unanimously.

During Executive Session, Ms. Messina made a motion, seconded by Ms. McDowell, to approve the Texas Hold'em Individual License application of Timothy A. Dennis. The motion passed unanimously.

Mr. Greene made a motion, seconded by Ms. Messina, to end Executive Session at 1:11 p.m. The motion to end Executive Session passed unanimously. After the public re-entered the meeting, Mr. Angelucci reported that the Board unanimously voted during Executive Session to approve the THE Individual License of Timothy A. Dennis.

### **Board Member Reports** - None

### **Delegation of Authority** - None

### **Review of Applications for Texas Hold'Em Tournaments** - None

### **Review of Applications for Charitable Gaming Events**

#### **Contractors for a Cause Foundation (Royal Flush, house rules)**

Mr. Angelucci reviewed the application. The Board requested that the Division staff confirm that Royal Flush has a valid DE business license. Ms. Williams-Coger made a motion, seconded by Ms. McDowell, to table review of the charitable gaming application of Contractors for a Cause Foundation until the staff can confirm the DE Business License of Royal Flush. The motion passed unanimously.

Later in the meeting, the Board received confirmation from Division staff that Royal Flush has a valid DE business license. Ms. Williams-Coger made a motion, seconded by Ms. McDowell, to rescind her previous motion to table the review of the application. The motion to rescind the previous motion passed unanimously. Ms. Williams-Coger made a motion, seconded by Ms. McDowell, to approve the charitable gaming application of Contractors for a Cause Foundation. The motion passed unanimously.

### **Review of Applications for Instant Bingo Events** - None

### **Review of Applications for Bingo Events** - None

### **Review of Applications for Raffles**

#### **Cheswold Fire Company Ladies Auxiliary (1<sup>st</sup> time raffle)**

Mr. Angelucci reviewed the application. Ms. McDowell made a motion, seconded by Ms. Williams-Coger, to approve the raffle application of Cheswold Fire Company Ladies Auxiliary. The motion passed by a majority vote, with Ms. Messina recused.

#### **Delta Outreach Education Center, Inc. (1<sup>st</sup> time raffle, winery - alcohol?)**

Mr. Angelucci reviewed the application. Ms. Messina made a motion, seconded by Ms. McDowell, to approve the raffle application of Delta Outreach Education Center, Inc. The motion passed by a majority vote, with Ms. Williams-Coger recused.

### **Review of Requests to Amend Previously Approved Event**

#### **DE Manufactured Homeowners Association (date change)**

Mr. Angelucci summarized the request to change the date of a previously permitted bingo event for DE Manufactured Homeowners Association. Ms. Messina made a motion, seconded by Ms. McDowell, to approve the request as submitted. The motion passed unanimously.

### **Inclement Weather/State of Emergency Requests** - None

### **Approval of Licensure List**

Ms. McDowell read aloud the raffle licensure list. Ms. Messina made a motion, seconded by Ms. Williams-Coger, to approve the raffle applications of St. Elizabeth Ann Seton (x2), St. John the Baptist (x3), Little Sisters of the Poor, and Milford Lions Service Foundation. The motion passed unanimously.

### **Ratification of Charitable Gaming Event Permits Issued**

Ms. Williams-Coger read aloud the charitable gaming ratification list. Ms. Williams-Coger made a motion, seconded by Ms. McDowell, to ratify the licensure of Holy Rosary Roman Catholic Church (CARNIVAL), Georgetown-Ellendale VFW Post 2931, Laurel Fire Department, American Legion Post 24, Vietnam Vets of America Chapter 546, Midway Lions Club, Rehoboth Beach Lions Service Club, Cats Around Town Society and Fraternal Order of Police Sussex County Lodge 2. The motion passed unanimously.

### **Ratification of Bingo Event Permits Issued**

Ms. Messina read aloud the bingo ratification list. Ms. Messina made a motion, seconded by Ms. McDowell, to ratify the bingo licensure of Walter L. Fox Post 2, Claymont Fire Company, Mill Creek Fire Company Ladies Auxiliary, Bowers Fire Company Ladies Auxiliary, Good Will Fire Company Ladies Auxiliary, American Cancer Society South Atlantic Division, Frederica Volunteer Fire Company, Farmington Volunteer Fire Company Ladies Auxiliary, Indian River Senior Center, and Holy Rosary Roman Catholic Church. The motion passed unanimously.

### **Hearings/Consent Agreements** - None

### **Complaint Assignment and Status**

#### **Complaint 22-02-12 (Angelucci)**

Mr. Angelucci reported that Complaint 22-02-12 has been forwarded to the Attorney General's office.

#### **Complaint 22-03-12 (McDowell)**

Mr. Angelucci reported that Complaint 22-03-12 has been forwarded to the Attorney General's office.

#### **Complaint 22-04-12 (Williams-Coger)**

Mr. Angelucci reported that Complaint 22-04-12 has been forwarded to the Attorney General's office.

### **Inspection Reports**

#### **Indian River High School Band Boosters**

The Board reviewed the Inspection Report of Indian River High School Band Boosters, and summarized the violations for the public. Ms. Betley confirmed that the organization was aware of the violations, and that a Letter of Concern had been prepared for the Board Chair's signature. Mr. Angelucci questioned, and Ms. Betley confirmed, that this was the first inspection for the Indian River High School Band Boosters.

#### **St. Elizabeth Ann Seton**

The Board reviewed the Inspection Report of St. Elizabeth Ann Seton. Mr. Angelucci stated that St. Elizabeth Ann Seton had 2 violations and summarized them for the public. Ms. Messina questioned whether the event was held on or off-site. Ms. Betley stated her belief that the event was held on-site.

#### **Camden-Wyoming Fire Company**

The Board reviewed the Inspection Report of Camden-Wyoming Fire Company. Mr. Angelucci stated that Camden-Wyoming Fire Company had 1 violation and summarized the violation for the public. Ms. Messina stated that this was the third inspection for the organization.

#### **Dover Elks**

The Board reviewed the Inspection Report of Dover Elks. Mr. Angelucci stated that Dover Elks had 1 violation and summarized the violation for the public.

#### **Just Us**

The Board reviewed the Inspection Report of Just Us. Mr. Angelucci stated that Just Us had 5 violations and summarized them for the public. Mr. Angelucci stated that the violations noted were discussed in great detail at the April Board meeting. Ms. Betley clarified that the inspection occurred the day before the April Board meeting. Although the actual inspection report was not reviewed at the April meeting, the violations were discussed in detail during the meeting.

#### **Delaware Diamonds White Fastpitch Association**

The Board reviewed the Inspection Report of Delaware Diamonds White Fastpitch Association. Mr. Angelucci stated that Delaware Diamonds White Fastpitch Association had 5+ violations and summarized them for the public. Ms. Messina questioned, and Ms. Betley confirmed, that this inspection occurred after the April Board meeting.

Ms. Messina questioned the fee charged by the third party vendor, Poker at the Beach (aka Charitable Games of DE). Chip Thompson explained that Poker at the Beach charges a set fee of \$500, but if the event generates less than \$500 in total proceeds, then Poker at the Beach reduces its fee to 50% of the rake. Mr. Willard and Ms. Messina agreed that the inspection report did not support Mr. Thompson's explanation. Ms. Messina questioned whether Poker at the Beach charges \$25 for advertising and \$40 per table in addition to the \$500 fee. Mr. Thompson confirmed that \$25 was charged for advertising, and added that the \$40 per table charge was added because tips and donations are no longer allowed. Mr. Thompson added that \$40 per table works out to be about the same amount the tables were collecting previously in tip/donation cups, and that the money is used to pay the dealers working the event. Ms. Betley stated that the After Occasion Report for the event indicated gross receipts of \$644, and expenses totaling \$432, leaving \$202 as the net profit for the charity. Ms. Betley added that \$180 was charged by the vendor for table rentals. Ms. Messina stated that Poker at the Beach "made a lot more money at the event than the charity." Mr. Thompson disagreed and stated that the vendor took a split, and the dealers were paid their fees. He clarified that the charity made \$202, the vendor made \$202, and the dealers were paid \$180.

Mr. Greene asked Mr. Thompson how much he pays his dealers. Mr. Thompson responded that it works out to \$17.50 per hour with taxes, or \$20 per hour without taxes. Mr. Angelucci asked if the organizations understand that dealers are paid, regardless of the amount of the proceeds from the event, and after the dealers are paid the charity and the vendor split the remaining proceeds in half. Mr. Thompson stated that Poker at the Beach

drafted a new paragraph at the end of their contract, which was sent to all of their customers. Mr. Willard pointed out that the inspection report stated that the Member In Charge told the inspectors that she had no idea what the vendor was charging. Mr. Thompson stated that when Poker at the Beach first started out, that \$500 was their set rental fee, and they agreed that in the event that less than \$1000 is made, that the vendor would reduce its fee to half of the rake. Mr. Thompson added that because events have been slow, it's 'pretty much' a 50/50 split, and he believes that is why the Member In Charge of the event could not state what the fee would be. Mr. Willard advised Mr. Thompson to state their fee as \$500, and make sure that the organizations are aware of that fee. Mr. Greene questioned what the \$25 advertising fee covers. Mr. Thompson stated that they no longer charge the \$25 advertising, but that they have a billboard on the highway that costs \$600 per month.

Mr. Greene questioned a charge of \$113.50 on the AOR for supplies. Mr. Thompson responded that supplies include tables, chairs, chips, cards, etc. Mr. Greene asked if they charge \$113.50 per event for supplies. Mr. Thompson responded, "no, if it's reduced it would be \$250 and \$250." Mr. Greene and Ms. Messina agreed that as long as Poker at the Beach has been in business, that the tables and chairs and other supplies should be paid for. Mr. Thompson responded that they own the equipment, they paid for the equipment, and they rent the equipment to the organizations. Ms. Messina stated that the supplies or equipment fee is charged in addition to the \$500 rental fee. An unidentified member of the public stated that he doesn't have a problem with the rental fees and is relatively happy with Poker at the Beach. Mr. Angelucci advised Mr. Thompson to make sure they disclose all of their fees in advance to each organization.

Ms. Messina stated that Members In Charge working at events must be able to answer all of the inspectors' questions, including what the vendor is charging for the event. Mr. Angelucci questioned, and Mr. Thompson confirmed, that a copy of the rental agreement is available at every event. Ms. Messina stated that if a Member In Charge of an event responds to an inspector's question with, 'I don't know', then that will generate a violation on their inspection report. She advised Mr. Thompson and all vendors to get in synch with the charitable organizations and make sure the Members In Charge can readily answer the inspectors' questions, or find answers to the questions on the spot.

Referring back to the inspection report, Mr. Willard questioned why the Member In Charge stated that the vendor completes the application and the AOR on the charity's behalf. Mr. Thompson responded that the charities do their own applications and turn them in to him with checks; He then sets the calendar of event dates three months in advance. Mr. Thompson added that the charities complete everything on the application with the exception of the event dates, which he completes. Mr. Thompson submits the applications to the Board office after he adds an off-site letter and a copy of the House Rules. Referring to the After Occasion Reports, Mr. Thompson stated that there are 2 copies of each AOR, and added that since the April meeting, the AOR is completed at the end of the event and the member leaves with cash. Prior to the April meeting, the vendor would issue a check to the charity and the AOR would be completed when the check was issued. Mr. Willard questioned, and Mr. Thompson confirmed, that the charities are completing their own AORs.

Mr. Angelucci addressed the public, noting that many of them were in attendance to show support of Charitable Games of Delaware, and stated that the Board is charged with making sure the law and Rules and Regulations are followed and that charitable organizations are being treated fairly. Mr. Willard stated that the Board receives reports month after month that the charitable organizations don't know what's going on with their events because the third party vendors are running everything and just sending a check to the charity after the event. Mr. Willard added that the law states that the charitable organization must run the event and handle the money, not the third party vendor.

Jim Woodland of Debra Sipple Memorial Fund asked Mr. Willard who was complaining, the charities or the inspectors. Mr. Angelucci responded that the Board receives regular inspection reports that identify violations observed at the events. Mr. Woodland asked if the inspection process was new. Mr. Angelucci responded that organizations were receiving more exposure to inspections due to an increase in violations. Mr. Angelucci

added that many of the charitable organizations do not understand the law or Rules and Regulations, even though they are available online. Mr. Woodland asked if the Board members had read the law and Rules and Regulations, and stated his opinion that it takes an attorney to understand them. He added that his organization does not have an attorney or any professionals to interpret the law for them, and that most of their members don't even play poker. He also added that the nuances in the law and the Rules and Regulations are difficult for an ordinary citizen to understand. Mr. Willard responded that the Rules clearly state that the Member In Charge has to handle all monies at the event. Mr. Woodland gave the example that he had no idea that there were three age categories specified for minors attending bingo games, although his organization has been holding bingo events for 6-7 years. Mr. Woodland added that its one thing for people who are blatantly going against the spirit and letter of the law, and another thing for people who are doing their best but just don't understand the law. Mr. Willard stated that the Board had previously decided that during the initial inspection, there would be no letters issued for violations. However, inspectors would review the violations with the organizations to make sure that they understand what they're doing wrong. He added that when a subsequent inspection is completed, the Board does not expect the same violations to occur. Mr. Woodland stated that was a reasonable approach, but asked that the Board consider the spirit of the law. He added that he does not believe the legislature intended for charitable gaming to be regulated like Dover Downs.

Mr. Woodland stated that if the Board puts the vendors out of business, they will be taking away \$3000 a year for his charitable organization. He added that prior to the legalization of table games at state casinos, his organization could make \$6000-\$7000 a year from charitable gaming events. After further discussion, Ms. Messina stated that the purpose of the Board is to ensure that all non-profit organizations that use charitable gaming are using it underneath the statute of the state of Delaware created by the legislature, and the Rules and Regulations of the Board, and to protect the charitable organizations of the State to make sure they are not being used and/or taken. Mr. Woodland stated that putting people out of business that provide a service is not helping the charitable organizations. Ms. Messina stated that the Board's goal is not to put anyone out of business. Mr. Woodland responded that it may not be the goal of the Board, but it could be unintended consequences. Mr. Angelucci stated that some organizations have been taken advantage of in certain situations, and that's the other side of what the Board has to protect. The inspections were designed to help the non-profit organizations understand the Rules and Regulations. Members of organizations may ask any question to an inspector, as they are very friendly and helpful when trying to explain the law. Mr. Woodland stated that he had never had a problem with the inspectors. Mr. Angelucci stated that the role of the Board is strictly to protect the public and non-profits, and the Board is not here to run any vendors out of business. The Board is charged with making sure the letter of the law is followed.

Mr. Greene introduced himself to Mr. Woodland as a representative of the DE Volunteer Fireman's Association, and stated that this Board has made many changes to help the non-profit organizations, more than any other board that he knows of. Mr. Greene added that he hates to hear the public complain that the Board is trying to put anyone out of business or cut the organization's profits. Mr. Woodland stated that Mr. Greene misinterpreted his message, and that what he intended to convey to the Board was that they should consider the spirit under which the laws were written. Mr. Greene stated that the Board does consider the spirit of the organizations when they make changes to the Rules. Mr. Woodland stated that he took 'umbrage' to Mr. Greene's statement, and that he did not imply or state that the Board was trying to put anyone out of business. Mr. Greene apologized to Mr. Woodland, and added that the 'up-rage' came when the new inspection process began, and added that once everything is comprehended and people start following the Rules and Regulations, it will all taper off. Mr. Woodland stated that they want to work with the Board and do not want an adversarial relationship.

Ms. Messina asked for a show of hands from the public regarding how many different non-profit organizations were represented at the meeting. Ms. Messina stated that 6 charitable organizations were represented at the meeting, and in the 5 years she has served on the Board she has never seen 6 volunteer organizations attend any meeting. Ms. Messina added that she is glad to see the organizations represented, although she is sorry that they attended at the request of a vendor to support and/or not support decisions that the Board has

made. Ms. Messina stated that if the organizations had attended more meetings over the past 5 years, the Board wouldn't need to have these discussions with them, explaining the decisions that have been made. Ms. Messina suggested that the charitable organizations read the minutes that are posted a month after each meeting.

Mr. Angelucci stated that the Board makes changes to its Rules and Regulations in order to improve the relationship between the Board and the non-profits. The Board is constantly trying to streamline the Rules so that events can occur without problems, but inevitably when there are laws that must be followed, there will be occasional violations. What the Board has tried to do with its inspectors is to help inform non-profits of the Rules and Regulations so that everyone is in compliance, which results in fewer problems and complaints. The Board moved forward on the agenda, and asked that the members of the public hold any additional comments until the Public Comments section of the meeting.

#### Fraternal Order of Police Sussex County Lodge 9

The Board reviewed the Inspection Report of Fraternal Order of Police Sussex County Lodge 9. Mr. Angelucci stated that Fraternal Order of Police Sussex County Lodge 9 had 1 violation and summarized the violation for the public.

#### St. Nicholas Ukrainian Catholic Church

The Board reviewed the Inspection Report of St. Nicholas Ukrainian Catholic Church. Mr. Angelucci stated that St. Nicholas Ukrainian Catholic Church had 1 violation and summarized the violation for the public.

#### Eleutherian Mills – Hagley Foundation

The Board reviewed the Inspection Report of Eleutherian Mills – Hagley Foundation. Mr. Angelucci stated that Eleutherian Mills – Hagley Foundation had 1 violation and summarized the violation for the public.

#### Salesianum School

The Board reviewed the Inspection Report of Salesianum School. Mr. Angelucci stated that Salesianum School had 2 violations and summarized them for the public.

#### **OTHER BUSINESS BEFORE THE BOARD**

The Board recognized DPR Director, James Collins, who introduced himself for the public. Mr. Collins applauded the Board for wading into the inspection program, in that the inspectors are trying to work with the organizations. Mr. Collins added that there have been discussions with the inspectors and the Board that there has been 20 years of civil enforcement; individuals within organizations hand down how it has been done over the years to its volunteers, which causes the organization to get further and further away from what the law and the Rules say. Mr. Collins again applauded the Board for instructing the inspectors to try to bring the organizations into compliance, as opposed to being heavy-handed with the inspection program. The Board thanked Mr. Collins, and stated that the Board's Administrator, Ms. Wagner, always does a good job.

Ms. Messina asked Mr. Collins if he knew the status of the Board's proposed legislation from the Joint Sunset Committee. Ms. Messina stated that she was told last week that the proposed legislation was in hopes of going to Committee this week, but she doesn't know if that happened yet. Mr. Collins stated that he was on his way over to Legislative Hall and would get an update on the bill and email the status to Ms. Wagner.

Mr. Collins congratulated Mr. Angelucci on his appointment as the Board Chair. Mr. Angelucci stated his opinion that the job that Mr. Greene and Ms. Messina had done would ultimately make his job easier. Mr. Collins agreed and added that when he encounters a charitable organization who disagrees with the Board's Rules, he encourages that organization to let the Board know, as they are always looking for ways to make things easier and streamline the process. Mr. Woodland stated that the relationship between charitable organizations and the Board needs to be a partnership and not an adversarial relationship. Mr. Collins stated that, essentially, we are the regulators and our job is to make sure things are done in compliance with the law; Where the partnership kicks in is if we are doing something that is not right, then we need the non-profits to let

us know because they are out there on the ground. Also, if there are Rules and Regulations that are not feasible, we need the non-profits to let us know; That's where the partnership comes in. Mr. Collins added that when we show up for an inspection, we are not partners, we are regulators looking to make sure that everything is as it should be. Mr. Woodland responded to Mr. Collins that the last time he looked, the taxpayers were paying his salary, so that makes them partners. Mr. Collins disagreed and stated, "We're not partners. When we show up, we're not partners, we're regulators."

#### **PUBLIC COMMENT**

Mr. Chip Thompson from Charitable Games of Delaware read the following aloud to the Boards:

*Three years ago, I and my two friends, AJ Hemphill and Clint Bunting, created Charitable Games of Delaware and the game room Poker at the Beach. It began as an idea for a fun way to bring charitable poker games to the beach while supporting many of our local charities. We, and many of our friends, enjoyed playing cards at the local fire hall once every couple months and we thought our idea to create an actual room where charities could host gaming events would be a success.*

*The concept was simple: create a comfortable and safe playing atmosphere for card enthusiasts, speak with our local charity organizations to see if they would like to host charitable gaming events to raise funds for their causes, and bring the two together for one common good. The result, initially was a success. This was in 2009 when Delaware still did not allow table games at the for-profit casinos, so non-profit charitable gaming events were still popular among card playing enthusiasts.*

*The first year that Charitable Games of Delaware's Poker at the Beach was open went well for both the charities and the business. The popularity of the room grew among poker enthusiasts and local charities saw hosting charitable gaming events as an excellent way to raise funds for their causes. It was a win-win. Although attendance slowed in the winter time because Rehoboth is a summer resort, the charities were still excited about what they would make at their events, especially because Charitable Games of Delaware was willing to lower the \$500 rental fee on slower nights. Any night when less than \$1,000 came in for the rake, Charitable Games of Delaware would lower its rental fee to essentially a 50/50 split.*

*I say all this so you understand how Charitable Games of Delaware operates. We have excellent relationships with all of the charities who host charitable gaming nights with us as their third party vendor. Some of them are here today and others gave me letters to bring today. They are here and they are writing to you out of concern that the Charitable Gaming Board frankly dislikes the concept of third party vendors and they are here out of a concern that the Board is trying to make it more difficult for them to host events with a third party vendor. And my question to this is a simple one, Why?*

*I would like to be frank and put everything on the table. It is my personal belief that this board is under the impression that somehow we as a third party vendor are grossly profiting from these events. This could not be further from the truth. These events are now so sparsely attended that we are barely able to cover our costs – costs that include rent at the facility where Poker at the Beach operates, paying the dealers for their time, monthly cable television bills, monthly electric bills, monthly cleaning bills, and the various other bills that all small businesses must deal with.*

*The charities who host events with Charitable Games of Delaware have none of the expenses to deal with. For them, being able to work with a third party vendor and have charitable gaming events is a complete win. Being a board that is tasked with the job of looking out for the best interests of charities in Delaware, you should whole-heartedly be supporting our efforts. To that end, I want you as a board to understand what the charities have been able to raise for their causes. I want you also to understand exactly what we as owners have made in the 3 years since opening Poker at the Beach. I want to put it all out on the table. With these figures in hand, I hope you will see the enormous benefit that has been provided to all of the organizations who host their events with Charitable Games of Delaware.*



*In 2009, in its first year in existence, the three partners of Charitable Games of Delaware made a profit of \$2,340 each. We had start-up costs of \$15,000 each that had to be paid back, on top of our operating expenses. That same year, the charities hosting events with Charitable Games of Delaware raised a total of \$79,102. I want to reiterate: the 30 charities we worked with were able to raise over \$79,000! This is no small accomplishment and something that the Board of Charitable Gaming, the entity tasked with the job of looking out for the best interests of the charities, should be very impressed with.*

*In 2010, having no more start up debts to pay back, each partner in Charitable Games of Delaware made a total of \$16,961. Although this is not a figure that someone could make a complete living on, I was very excited to make this amount after all of our expenses. But what was even more exciting was the fact that the charities were able to raise a total of \$102,986! Again, I believe the Board of Charitable Gaming would be very excited about this.*

*In 2011, the first full year of table games at the for-profit casinos, attendance at charitable gaming events suffered dramatically. We survived the year, but we experienced a pronounced drop off in attendance during the fall and winter months, with some nights being complete wash outs for the charities (and for us obviously). Still, the year was a success. Each partner in Charitable Games of Delaware made \$11,049 for the year. The charities raised a combined total of \$82,511 in 2012.*

*This brings us to 2012. As I stated before, charitable gaming events are now sparsely attended. The charities hosting them are being asked to do more and to jump through more hoops in the ever-changing application process. You believe you are looking out for the best interest of the charities and I commend you for this. All I ask is that you do look out for the best interest of the charities and take into account what an excellent relationship Charitable Games of Delaware, a third party vendor, has with the organizations hosting events. We are doing everything we can to follow your rules – with a few slip-ups along the way - as are the organizations and the people who work their events. But please understand, making it more difficult to have these events does not protect the charities. It hurts them.*

*The original intent of the State in allowing charitable gaming was to help the charities be able to run fundraising events for the benefit of the community. Having charitable gaming events puts money back into the community instead of costing the community. There is a net gain to the state in licensing fees, the charities gain by raising funds, the community gains by being able to use these funds, and the state gains again when the third party vendor has to pay taxes on any earnings. It's a win-win-win. All I am asking at this point is for the gaming board to look out for the best interest of the charities and not see the third party vendor as the enemy. Please let us work together as we move forward and I believe you will accomplish your goal of looking out for the best interest of the charities and the community. Thank you.*

Mr. Angelucci responded to Mr. Thompson's address. Mr. Angelucci stated that he joined the Board about 3 years ago and knew very little about the gaming industry at that time. He was asked by a Representative to serve, and Director Collins advised him that it was an important position because he was tasked with looking out for the non-profits and the public. He added that he has learned a lot about gaming since serving on the Board, and has learned much about what the Board does. From Mr. Angelucci's perspective, this Board has worked very hard to represent non-profits and to draft legislation and amend its Rules and Regulations to assist non-profits in holding events to raise money. Mr. Angelucci stated that he has watched the number of third party vendors develop from just a few to a large number, and he has observed a lot of activity that was not in line with the best interests of the charitable organizations. Mr. Angelucci clarified that he was not speaking specifically to one vendor, but in regards to third party vendors in general. The Board has been faced with a lot of complaints and situations that it has had to address. The Board went under Sunset Review to make sure that the laws and the processes that they were using were fair, efficient and effective. Mr. Angelucci continued that the Board came through the Sunset Review with a lot of information about what the legislators and the Division expected, and what the Board was doing to accomplish its goals. Mr. Angelucci stated his opinion that this

Board has worked very hard to streamline the process and he does not believe it is fair to villainize the Board as attacking third party vendors, as that has never been the Board's intention. He added that this Board has tried to interpret the law the way that it's written to make sure that we are doing the job we were asked to do by the Governor, which was to interpret and enforce the laws and Regulations. Mr. Angelucci stated that the Board members have each done their job to the best of their abilities and have no personal goals to attack any entity. The role of the Board is to protect the public and the non-profits by enforcing the Regulations that are on the books. The Board must make sure that the vendors are in compliance with the law and that the non-profits understand their role in the process. Mr. Angelucci added that the Board has often found that third party vendors act as representatives for the non-profits (as today is the case) and that's not the way it's supposed to be. The non-profits have the relationship with the Division; vendors may represent non-profits as a business person to conduct their events, but all of the Rules and Regulations directly affect the charitable organization. If a third party vendor violates the law or Rules, the non-profit is the one to be penalized. The Board has asked for laws that hold the third party vendors accountable, so that there's accountability across the board. Mr. Angelucci stated that the Board is not trying to undo any organization or to discourage any third party vendor from having gaming events, but the Board must enforce the law and carry out the process that it's been charged to do.

Mr. Thompson responded to Mr. Angelucci that he appreciates what the Board is trying to do. However, he feels that during the meetings, with the Board bringing up fees and certain things, that there is a perception that the third party vendors are grossly profiting from the events and the charities are not taking home enough of the proceeds.

Mr. Angelucci stated that there must be transparency. He added that there are laws regarding donations and tips. If the vendor has a cup on the gaming table that says *Donations*, and takes half of those donations as fees, then they are not donations but rather a way of covering fees. Transparency is absolutely necessary in these events, and that's how the laws become the way they do. Now there's a Rule that the donation cup cannot be on the table, but may be in another location and the monies collected in the donation cup must be handled by the non-profit and not the third party vendor so that there's no chance that the donations end up with the vendor; that's not the purpose of a donation. The purpose of a donation is to go to the non-profit, and that's why those Rules are on the books the way they are.

Mr. Willard addressed Mr. Thompson, stating that he attended Board meetings over the years along with 12 or 13 other third party vendors. There were any number of problems being caused by some of the vendors and you were one who said third party vendors should be licensed. The Board thanked you and said you were doing it right. The Board is certainly not against Charitable Games of DE.

Mr. Thompson responded to Mr. Willard that he hoped the Board still felt that Charitable Games of Delaware was doing it right because he felt in many meetings that they don't. He stated that he tried to be transparent in his presentation so that everything is out there. He believes that a great working relationship between the charities and the Board is extremely important, and that regulations are extremely important as well. Mr. Thompson said that despite recent violations, they are trying to comply with the law and Rules. He asked to receive a copy of the last 5 violations and stated he would post them on his board with a note saying "do not do these."

Mr. Willard believes that the combination of inspectors advising vendors and non-profits, vendors speaking with non-profits, and letters being mailed by the Board regarding new Rules, will only improve the situation. Mr. Willard added, "Right now, we're finding that you guys have not been doing things right up to the Rules probably for a number of years and we're saying you can't do that, the Rule says this, and it's shocking everybody. We had no idea these Rules said that. As you learn the Rules, things will get a lot better."

Ms. Messina agreed and stated that the inspection reports are getting increasingly better with fewer violations than they were seeing in the beginning. Ms. Messina advised Mr. Thompson to keep in mind that the Board does not just regulate charitable gaming events, but also bingo, instant bingo, raffles, and Texas Hold'em

tournaments. Even so, the number of violations being reported has dropped since inspections first began. Ms. Messina stated that she gets aggravated when she sees the same violation for the same organization repeated over and over again. Ms. Messina stated that if the third party vendors and charitable organizations do what the law requires of them, then there won't be any issues.

Mr. Thompson stated that in 3 years, he has never seen one Board member at his establishment, and he extended a personal invitation for the Board members to visit Poker at the Beach. Ms. McDowell responded, "That's why we have inspectors." Mr. Thompson responded that "things get lost in translation." Ms. Messina explained that prior to the current inspectors being hired, she and Mr. Greene used to randomly visit gaming events at least once a week.

Mr. Joe Valentine of the VFW and Vietnam Veterans of America (VVA) addressed the Board, and stated that organizations like the VFW and VVA are lucky to get 4 or 5 volunteers to space out between gaming events, so that 1 or 2 volunteers don't have to attend every event. Ms. Messina agreed and stated that she is a 30-year member of a fire company, a 20-year member of the Elks, and a member of the Fraternal Order of Police. She added that the Board is made up of volunteers and that is the reason for many changes that are made.

After further discussion, the Board recognized Sue Peck from Cats Around Town Society (CATS), who explained the purpose of her non-profit organization. Ms. Peck stated that because she is not comfortable speaking in public, she wrote a letter to the Board, which Chip Thompson presented to the Board on her behalf. Ms. Peck read aloud the following from her letter to the Board:

*Attracting volunteers has always been a challenge and, while we appreciate that Delaware Gaming Commission's Rules and Regulations change (especially as applied to Members In Charge – those who must be present during an event), it has become extremely difficult to solicit volunteers who now must be active with the group for at least two years. Keeping up with the paperwork changes is the easy part. I write this because, like many groups, CATS has limited volunteers who choose to host these monthly events.*

Ms. Messina responded that the active two-year requirement is in the Delaware Constitution, not the Board's Rules and Regulations. Ms. Peck responded, "I accept that." Ms. Peck continued to read aloud from her letter to the Board:

*Some individuals are older and have difficulty driving at night and they may need to recuperate from experiencing very late hours. And, again, like many volunteer-based groups, individuals sometimes have health conditions that make choosing to host Gaming Commission fundraising events even more difficult. I offer as an example that our most recent fundraising event was Friday, April 6 (Good Friday). Our host-volunteer (an active Officer for more than two years) has fibromyalgia as well as compromised lungs. One responsibility for host-volunteers is to exchange money and chips. Because Gaming Commission Rules and Regulations recently changed to include monitoring the tables, our volunteer had to walk the room every 15 minutes (which was a great deal of physical activity). In addition, Rules and Regulations changed in that the host-volunteer also now has to enter monetary information into the Poker at the Beach computer (which was done by standing). This particular volunteer lives 30-40 minutes from Rehoboth Beach and arrival home was at about 2am Saturday. Because physical activity was nonstop and because arrival home was extremely late, the evening took such a toll that attending Easter church service on Sunday (4-8) was impossible. This individual has since made the decision to no longer host-volunteer Poker at the Beach fundraising events.*

*Let me again mention the recent change of "monitoring the tables". I'm sure our group is not the only one to question what this task means.*

Mr. Willard responded that it has always been a requirement that the tables be monitored; this is not a recent change as Ms. Peck indicated. Ms. Peck and Mr. Thompson responded, "that's why the window is there". Ms. Peck added, "we now have to get up and walk the room; we never had to do that until April. Never".

Ms. Messina explained that the organization's volunteer does not have to take cash home at night because the vendor may write the organization a check the night of the event. She added that the vendor cannot hold the check past the night of the event. Ms. Peck continued to read aloud from her letter to the Board:

*Is it expected that host-volunteers will need to examine players' cards? Will we need to learn to play poker so to be better able at monitoring the tables? Without training, how will we really know if an individual playing poker could be cheating or could possibly be working in cahoots with another player to gain monetary advantage? Personally, I know how to play Blackjack but I have no idea how to play the game of Texas Hold'em, nor am I thrilled with the prospect that I may have to learn to play it. Our group does want to continue hosting Poker at the Beach events but, as stated earlier, keeping up with the paperwork changes is one thing... keeping up with Rules and Regulations that could be interpreted as examining players cards is quite another.*

Ms. Messina responded to Ms. Peck that she does not have to examine players' cards. Mr. Greene added that the purpose of the Member In Charge monitoring the games by walking the room is to make sure that dealers are not being tipped. The Board reiterated to Ms. Peck that there has always been a requirement that the Member In Charge of an event be an active member of the organization for at least two years; this is not a new Regulation or change. Ms. Messina stated that the Board had recently spent nearly two years under Joint Sunset Review. An unidentified member of the public questioned what Joint Sunset Review is, and Ms. Messina explained. Ms. Messina stated that the Joint Sunset Committee and the Board have reiterated over and over again that if non-profit groups are going to hold events in their name, it is their responsibility to be "in the know". She added that the Board cannot make a distinction between a very small cat group and a very large VFW; the Rules are the rules and they apply the same to each charitable organization licensed under the Board.

Ed Brown of Ducks Unlimited addressed the Board as follows:

*Can't the staff summarize legislation into the finer points that you're looking to identify for the people that don't understand what's going on? I do this every year for Ducks Unlimited, and now we have more people involved because of all the things we're required to do, whether that be by state law, which always was and never was, but now more people need to be involved and they don't know what's going on. So if the staff could then highlight the finer points of the legislation because none of us have time to read it, none of us want to read it, then the staff could do the finer points that you're looking to have done, and have that done and be posted at Poker at the Beach then they know whoever comes in, one of those five people, they know what they can look at, go through, and they know what is expected of them.*

Ms. Messina responded to Mr. Brown that there is a synopsis at the end of every piece of legislation that the state of Delaware does that gives you the finer terms and added that this years legislation will be very easy for the layperson and every member of every group because the state.... Ms. Messina was interrupted by an unidentified member of the public who asked if they expected every organization to sit down and read the law. Ms. Messina continued her response by stating the following:

*"...the state of Delaware now has strike-through which we never had before. It is very easy. You will be looking at the Delaware Code as it is right now, what is deleted will have a line through it, and what is added will not. It is very easy. The new legislation will be very easy for the layperson to read and understand what is coming out and what is going in, in its place. The synopsis is a summary at the end of every piece of legislation.*

Mr. Willard asked the public if it was fair to say that they would rather have the third party vendor handle all the money? Mr. Brown and Ms. Peck both responded, no. Ms. Peck added that they were "willing to do the work, willing to be there, willing to be on the premises, more than willing to send Members In Charge". Ms. Peck added that because of the most recent change that the Member In Charge must walk the room, Cats Around

Town Society has lost three volunteers who were previously willing to attend events. Mr. Willard asked if Ms. Peck would prefer a Rule stating that monitoring may be done from one location. Mr. Woodland of Debra Sipple Memorial Fund stated that he would like "monitoring" defined, so that the Members In Charge know exactly what is expected of them. Mr. Willard stated that now that the cups have been removed from the tables, he is not sure what the Board wants its Members In Charge to monitor. Mr. Angelucci agreed that the term *monitoring* may be confusing and the Board may address clarifying the term at a later meeting.

The Board recognized Heather McGee of Big Brothers Big Sisters. Ms. McGee stated that the Board needs to decide whether they want Members In Charge inside the cage, or out monitoring the tables, as one person cannot do both, particularly on busy nights. Ms. McGee also questioned the Board's interpretation of *monitoring*.

The Board recognized Neal Burke of Vietnam Veterans of America Chapter 546 and VFW Post 2931. Mr. Burke stated that "laypersons are not going to sit down and read every law about gambling that comes over the pike." Mr. Burke added that he is a retired cop and "laypersons don't read the motor vehicle laws." Ms. Messina responded that if you drive, you know the motor vehicle laws. Ms. McDowell stated that if a person doesn't obey a traffic law, then they receive a ticket for a traffic violation, and compared it to the gaming inspection process.

Mr. Angelucci stated that every person doesn't need to read every law since the rules of every game are to be posted during the game. Mr. Willard stated that someone from each group should take a look at the gaming laws and have some idea of what the law requires. After further discussion, Mr. Willard stated that having representatives from the charitable organizations present at the Board meeting was very helpful, and that if they show up at more meetings, the Board could help them out more based on their feedback.

An unidentified member of the public asked if he wanted to tip a dealer, could he do so outside of the building, in the parking lot, or in the mens room. Ms. Messina, Mr. Greene, and Mr. Angelucci all emphatically stated that the State does not allow tipping of dealers during charitable gaming events.

An unidentified member of the public asked how members of the general public could get the gaming laws changed. Mr. Willard responded that a proposal to change the laws needs to be presented through the legislature, but a proposal to change the Rules and Regulations would go through the Board of Charitable Gaming.

Ms. Williams-Coger asked that the Board re-review its Rules governing the monitoring of tables during charitable gaming events. Mr. Willard stated that he could draft a new Rule for the Board's consideration at its next meeting; After the Board's approval, a public hearing could be scheduled. He added that it would be a 3-4 month process from start to finish. The Board requested that Mr. Willard review Rule 6.2 and present amendments, based on the public feedback received today, at its next meeting.

The Board recognized Mike Rogers of the VFW, who asked if a Member In Charge has the right to throw someone out of a game if, for example, they are intoxicated. Mr. Greene and Ms. McDowell agreed that a Member In Charge could throw someone out of a game for a bonafide reason. Mr. Rogers questioned what the Member In Charge could do if the person refused to leave. Mr. Greene and Mr. Angelucci stated that the issue is not covered under the Board's authority, but suggested that the Member In Charge could call the local police department. Mr. Willard stated that monitoring does not mean that the Member In Charge is responsible for throwing out unruly people; that would be a job for the local police.

The Board agreed that organizations may receive cash or a check from the vendor on the same night as the gaming event. Proceeds, however, may not be held by the vendor for any period of time after the event. Mr. Thompson requested a copy of the last 5 violations from Poker at the Beach. Ms. Betley responded that as soon as the Letter of Concern is signed, she will make a copy for him.

Ms. Betley stated that the inspectors had completed five raffle inspections, one with no violations; five bingo inspections, three with no violations; and a charitable gaming inspection, one with no violations. Ms. Betley also stated that the inspectors have offered to meet with the charitable organizations to go over all of the laws and Rules and Regulations so that the organizations understand what is required.

Mr. Willard stated that he needed to add an item to the agenda, and he presented a draft of new Rules based on the Board's recent workshop. Mr. Willard also presented a draft of a Policies and Procedures Manual for the Board's review. Ms. Williams-Coger asked Mr. Willard if he clearly defined that no organization is to start a raffle without a proper permit from the Board. Mr. Willard believes he included such a statement in the Policies Manual, but he will draft a Rule for the Board's consideration. Mr. Willard asked the Board to review the draft Regulations and Policies Manual, and to take a vote on whether or not to proceed with the proposals as presented. Ms. Messina and Mr. Willard summarized the draft changes as follows:

- 1) Changed references from "Commission" to "Board" as needed
- 2) Removed the part that said raffle tickets, who was selling the raffle tickets, it will no longer say provided chances are sold at the same time
- 3) Bingo games may not be held at a facility owned by a charitable gaming vendor
- 4) For a 6-month raffle, it's okay to buy tickets throughout the 6-month period, you don't have to buy the tickets all at once; and it will only cost \$15 for the entire 6-months, not \$15 per month

Mr. Greene made a motion, seconded by Ms. Messina, to amend the monitoring Rule to make it clearer for the non-profits and to draft a Rule making it clear that no part of a raffle may begin until a raffle permit has been approved by the Board. The motion passed unanimously.

Mr. Willard continued to summarize the draft changes to the Board's Rules as follows:

- 5) The charitable organization is responsible for the handling of all raffle monies, bookkeeping and receipts. The Board will not approve online raffles involving third party payors such as Paypal or similar entities.
- 6) No tip cups may be placed upon tables, nor may cups intended for donations be placed upon tables. Donations may be made for the charitable organization, but the container to receive such donations must be placed near the entrance to the event and must be accessible to the Member In Charge.
- 7) If ownership of a charitable gaming vendor changes, the new owner(s) must submit a valid Delaware business license to the Board immediately. In addition, if a charitable organization was to conduct an event using that third party vendor, the organization must inform the Board that it is aware of the change in ownership and whether it will continue with the event with the new owner.
- 8) Current Rule says the Statutory Provisions of Sections 1825 and 1826(2) do not harmonize. Consequently, the Board has determined that re-buys in a Texas Hold'em event are optional. Since the Board is rewriting its statute, those statutory references will no longer exist by those numbers.
- 9) Changed references from "Section 1130" to "Title 28" as needed
- 10) Mr. Willard advised the Board of a situation that occurred earlier in the week regarding an inquiry at the Division about how old a person had to be to purchase a raffle ticket. After discussion, the Board agreed that the minimum age requirement for gaming, including raffles, is 18. Since it was not expressly stated in the Rules governing Raffles, Mr. Willard also added a new Rule stating that no one under 18 may participate in a raffle event.

An unidentified member of the public asked Mr. Willard to explain how legislation is passed, and Mr. Willard explained the process.

The Board recognized George Parker of the VFW in Georgetown. Mr. Parker questioned what prompted the change as to who could attend an event. He clarified his question by stating his belief that organizations were previously allowed to submit a current membership list to the Board, and any one person on the membership list could attend the event as the Member In Charge. Mr. Willard responded that the application has always asked who would be the Member In Charge of the event; this is not a change or a new requirement. Mr. Willard added that the application previously requested two Members In Charge, but after the Board received

complaints that it was too hard to narrow down only two people to run an event, the Board amended its application to allow up to five Members In Charge to be listed; Only one of those Members In Charge listed is required to attend the event. Ms. Messina added that Members In Charge may change for each event.

Mr. Parker questioned why charitable gaming events were limited to one event per month. Ms. Messina responded that it was an old Rule and the legislature did not feel the need to change it.

After further discussion, Mr. Willard asked to publicly address Chip Thompson of Charitable Games of Delaware, as follows:

*I agree with you to an extent. There have been times over the last couple years where third party vendors have been strongly criticized by the Board because some of them were doing some things that weren't right. I believe the Board has always found you to be one of the ones that has said we want you to license us, we want you to give us rules, we will follow those rules, and you've always come in and been very straightforward with us. I know you felt a little bit like... your statement seemed to indicate that you're kind of under a target sometimes, and I don't think the Board feels that way about you.*

Mr. Thompson responded by stating that they (Charitable Games of Delaware) "have screwed up, we're human."

Mr. Angelucci invited members of the public to attend next month's meeting.


#### **NEXT MEETING**

The next scheduled Board meeting is June 7, 2012 at 1:00 p.m., at 861 Silver Lake Boulevard, Cannon Building, Conference Room B, Dover, Delaware.

#### **ADJOURNMENT**

There being no further business before the Board, Mr. Greene made a motion, seconded by Ms. Messina, to adjourn the meeting at 3:26 p.m. The motion passed unanimously.

Respectfully Submitted,



Sandra Wagner  
Administrative Specialist III

*The notes of this meeting are not intended to be a verbatim record of the topics that were presented or discussed. They are for the use of the Board members and the public in supplementing their personal notes and recall for presentations.*